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ARIZONA CORPORATION COMMISSION

March 7, 2007

The Honorable Phil Gordon
Mayor, City of Phoenix
City Hall
200 West Washington Street
Phoenix, Arizona 85003

Re: Meeting re: Downtown Redevelopment Encroachment on the Existing
Jet Fuel Pipeline (Docket No. G-00000A-06-0022)

Dear Mayor Gordon:

Thank you for taking time to meet with us on March 5 to discuss the potential safety effects of downtown redevelopment on the existing jet fuel pipeline.

You cited the passage of Proposition 207 as the legal basis for the City of Phoenix's apparent rejection of adopting a setback ordinance. However, Proposition 207 does contain a broad health and safety exemption from the compensation requirement.

Specifically, Section 12-1134 B.1. allows a political subdivision to "limit or prohibit a use or division of real property for the protection of the public's health and safety, including rules and regulations relating to fire and building codes." This exemption has yet to be challenged in court, and reasonable minds can differ on its precise legal interpretation.

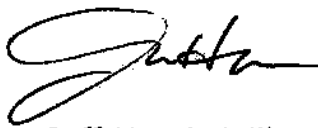
As Phoenix's urban core undergoes aggressive redevelopment, the fact cannot be ignored that we are drawing people to destinations close to industrial infrastructure such as pipeline and railroad tracks. Forward-looking leaders – and I include you among them – must take sensible and prudent steps to protect the public. Establishing mandatory setbacks is one approach that warrants greater consideration.

March 7, 2007

The Honorable Phil Gordon
Page 2

Barring any action from the City, I still believe the best resolution for this potential safety threat is through the State Legislature. I encourage the City to continue working with the interested parties for a legislative proposal that could be applied statewide. I look forward to participating in the discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller", with a stylized, flowing script.

Jeff Hatch-Miller
Commissioner

Cc: Vice Mayor Michael Johnson, District 8
Councilman Dave Siebert, District 1
Councilwoman Peggy Neely, District 2
Councilwoman Peggy Bilsten, District 3
Councilman Tom Simplot, District 4
Councilman Claude Mattox, District 5
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